

# **WATER INFRASTRUCTURE FINANCING PRINCIPLES**

## **Preamble**

A key principle of the CALFED Program that can be applied to other infrastructure financing is that beneficiaries of program actions should, to the extent that they directly benefit, pay for those program costs. ACWA members are prepared to pay their fair share of the costs for benefits received, but believe that some of the investments made through CALFED will provide “public benefits,” which should be funded from state and federal sources. For instance, some of the system improvements to California’s “backbone” storage and conveyance system are legitimate public benefits. There will also be “water user benefits” from some of the investments made through CALFED. Those should be funded under the beneficiaries pay principle.

The following principles apply to those costs to be distributed under the beneficiaries pay principle.

## **Policy Principle 1**

For those investments that provide direct, measurable benefits to water rate payers, ACWA supports the principle of “beneficiary pays” used in the CALFED process and other water infrastructure planning processes. The beneficiary pays principle implies that those who benefit should pay for those benefits. Likewise, those who do not benefit from a particular project or program should not be required to pay for them.

## **Policy Principle 2**

The most effective and fair means to allocate those water infrastructure costs that provide direct, measurable benefits to water rate payers is through direct negotiations between the lead agency(ies) and those parties who may benefit from the project or program being proposed.

## **Policy Principle 3**

Historical cost allocation formulae among federal, state and local governments should be used to guide negotiators and policymakers in the deliberations over allocation of costs for water infrastructure, both between public and water user benefit, and among the beneficiaries of water infrastructure investments.

## **Policy Principle 4**

For state fiscal year 2005-06 and beyond, no broad user fees should be imposed to finance CALFED or any other California water infrastructure program. Only those water agencies that enter into direct negotiations and willingly agree to pay a portion of project or program costs should be asked or directed to pay.

### **Policy Principle 5**

Those investments in and contributions to infrastructure, programs, mitigation and restoration made by local public agencies must be fully considered in determining appropriate cost shares for water infrastructure investments.

### **Policy Principle 6**

ACWA, its members, and other legitimate stakeholder groups must be involved in any and all significant policy and fiscal decisions relative to water infrastructure financing in California.

### **Policy Principle 7**

State formulae for allocation of costs from the CALFED Program and other water infrastructure programs should be determined in an open and transparent manner and should not be imposed by the State of California either through administrative or legislative action without open hearings by appropriate policy and appropriations and relevant budget committees.